

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4776-01  
Bill No.: HB 2107  
Subject: Cities, Towns, and Villages; Property, Real and Personal; State Tax Commission;  
Taxation and Revenue - Property  
Type: Original  
Date: March 1, 2010

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Bill Summary: Would allow municipalities to engage in technology business facility projects and exempt related transactions from local sales taxes.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Office of State Courts Administrator**, the **Office of the Secretary of State**, the **Department of Economic Development**, and the **Department of Revenue** assume this proposal would have no fiscal impact on their organizations.

Officials from the **City of Centralia** stated that since there are no such projects known or contemplated in their jurisdiction, the proposal would have no fiscal impact on their organization.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)**, assume the proposal would not result in additional costs or savings to their organization.

BAP officials stated that the proposal would exempt transactions involving the lease or rental of any components of a technology business facility project from local sales tax. The Department of Revenue (DOR) collects local sales taxes for certain municipalities and charges a fee for that collection. As a result of the exemption contained in this bill, the amount of local sales tax revenue DOR collects for certain municipalities may be minimally reduced, potentially reducing the amount of work and collection fee revenue for DOR.

**Oversight** assumes that any reduction in state revenue from local government sales tax collection charges would be minimal.

**Oversight** notes that this proposal would allow any municipality in the state - county, city, incorporated town, or village - to develop a technology business facility project. A qualifying project would be located in a portion of an underground mine that contains at least two million square feet of space, and project resources could only be used for certain technology-related businesses.

**Oversight** assumes that any impact related to this proposal would be the result of some future action by a municipality and will not include any impact in this fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal would have a direct fiscal impact to small businesses which participate in qualifying business projects.

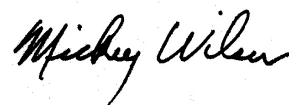
FISCAL DESCRIPTION

The proposed legislation would allow municipalities to engage in technology business facility projects and exempt related transactions from local sales taxes.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of State Courts Administrator  
Office of the Secretary of State  
Office of Administration  
Division of Budget and Planning  
Department of Economic Development  
Department of Revenue  
City of Centralia



L.R. No. 4776-01  
Bill No. HB 2107  
Page 5 of 5  
March 1, 2010

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